edible oils and will not hesitate augment supplied through imports view of comfortable foreign exchang reserves. Some deceleration is new noticed as the inflation rate h.u dropped to 10.47% in the week ending 4th March. 1995,

Simple Tax System

1093. SHRI KRISHNA KUMAR B1R-LA: Will the Minister of FINANCE be pleased to state:

(a) whether the Confederation of Indian Industry has urged Government to adopt simple tax system in the country;

(b) if so, die reaction of Government in this regard;

(c) whether the existing taxation system is cumbersome: and

(d) if so, what other measures Government propose to take to streamline the taxation system in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) to (d) Simplification of tax-laws is an on-going process. Several measures have been taken in tins regard during the last few years.

Hike in interest rate on short term deposits

1094. SHRI KRISHNA KUMAR BIR-LA: Will the Minister of FTNANCT be pleased to state:

(a) whether the Reserve Banks recent decision to hike maximum short term bank deposits interest rates will have an adverse impact :'.n credit deposit ratio in the banking sector;

(b) if so, whetiier several financial expert have criticised Government *on* this move:

(c) if so, the details thereof; and

(d) the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (d) Reserve Bank of India (RBI) has reported that the revision in the maximum interest rate on term deposits with the banks from "not exceeding 10.0 per cent to "not exceeding 11.0 per cent" effective Feb. mary 10, 1995 was made with a view to evolving a more stable asset liability balance and to ensure that real deposit rates remain positive. The increase in the maximum term deposit rates is not expected to adversely affect the credit deposit ratio of the banking system. Reactions of the •banking industry as well as others as reported in the press indicated that the prime lending rates of banks would need to be raised as a consequence of the likely rise in the cost Of funds of banks due to the increase in the maximum term deposit rate. Most banks have raised their term deposit rates and prime lending rates in the subsequent period. The maximum deposit rate currently stipulated is considered appropriate taking into account the prevailing conditions in the economy. Interest rates are, however, under continuous review by the Reserve Bank of India (RBI).

Economic reforms

1095. SHRI HIPHEI: Will the Minister of FINANCE be pleased to state:

(a) whether attention of Government has been drawn to a Statement made by Prof. Jeffrey Sachs, Harvard on International Trade and Develop* ment that, the economic reforms undertaken by India have not pro-duced a huge backlash from the *pro-*. tested sectors;